

Message Text

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PASS COMMERCE

E.O. 11652: GDS
TAGS: ECON, EINV, CG
SUBJ: PHARMACEUTICAL SECTOR - MORE OF THE SAME

REF: KINSHASA 9289

1. SUMMARY. GOZ RETURNS PHARMACIES OF MIXED OWNERSHIP TO FORMER OWNERS. THOSE WHICH FORMERLY BELONGED 100 PERCENT TO FOREIGNERS (E.G. WARNER-LAMBERT'S CHAIN) REMAIN NATIONALIZED. COMPANIES OFFERED SPECIAL POSITION IN PHARMACEUTICAL IMPORTATION NOT ENTHUSIASTIC. OTHER COMPANIES, WILLING TO COOPERATE, FIND TOUGH ROW TO HOE. EVIDENCE OF MOUNTING CONFLICT BETWEEN MINHEALTH NGWETE AND DR. CLOSE. END SUMMARY.

2. THERE APPEAR TO HAVE BEEN FEW SUBSTANTIVE CHANGES IN THE PHARMACEUTICAL SECTOR OVER THE LAST MONTH. THE GROUP OF PHARMACIES RETURNED IN OCTOBER TO THEIR ORGINAL (ZAIERIAN) OWNERS WAS EXPANDED IN NOVEMBER TO INCLUDE THOSE WITH PART ZAIRIAN, PART FOREIGN OWNERSHIP. THUS ONLY THOSE WITH WHOLLY FOREIGN OWNERSHIP (E.G. WARNER-LABERT'S PIAF CHAIN) REMAIN NATIONALIZED. EVEN FOR PHARMACIES RETURNED PHARMACEUTICAL STOCKS TAKEN OVER AS OF AUGUST 30 REMAIN TAKEN; PROPERTIES RETURNED MAY BE UTILIZED BY THE PHARMACIES FOR IMPORT, STOCKING

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AND DISTRIBUTION OF NON-PHARMACEUTICAL PRODUCTS ONLY.
ALL PURCHASING OF PHARMACEUTICAL PRODUCT FOR DISTRI-

BUTION MUST BE DONE THROUGH THE YET NON-EXISTENT COMMERCIAL DIVISION OF THE DCMP. RETURNED PHARMACIES ONLY SELLING NON-PHARMACEUTICAL PRODUCTS PLUS THOSE PHARMACEUTICAL ITEMS THEY DID NOT TURN OVER AUG. 30.

3. THE FOUR COMPANIES (WARNER-LABERT, CIBA-GEIGY, SPECIA, HOESCHST) OFFERED EXCEPTIONAL IMPORTATION RIGHT (PARA 8, KINSHASA 9289) FOUND THE DEAL OFFERED NOT AS ATTRACTIVE AS GOZ HAD HOPED. PARTICULAR PROBLEMS WERE THAT FIRMS SAW THEMSELVES WITHOUT CONTROL OF NEW STOCKS TO BE IMPORTED, WITHOUT PAYMENT OF OUTSTANDING AMOUNTS DUE FOR STOCKS NATIONALIZED, WITHOUT FX FOR OUTSTANDING ACCOUNTS WITH HOME OFFICES AND OTHER SUPPLIERS, BUT WITH THE DUBIOUS PRIVILEGE OF EXTENDING ANOTHER SUBSTANTIAL CREDIT FOR 180 DAYS BASED SOLELY UPON GOZ "GUARANTY" OF FX AVAILABILITY AT END OF THAT PERIOD. ALL FOUR FIRMS RESPONDED THAT THEY WOULD NOT CONSIDER COOPERATION ON NEW OFFER BEFORE RECEIVING PAYMENT TOWARD RESOLUTIN OF OUTSTANDINGS. WE UNAWARE OF FURTHER MOVEMENT ON THIS FRONT.

4. MEANWHILE, OTHER COMPANIES, SEEKING MEANS OF MAINTAINING ACCESS TO WHAT REMAINS ATTRACTIVE MEDIUM-AND LONG-TERM MARKET, FOUND IT DIFFICULT TO GET FOOT IN DOOR. PFIZER EXAMPLE IS PARTICULARLY INTERESTING. PFIZER REP TOLD EMBOFF HE WENT TO MINHEALTH NGWETE WITH OFFER TO GIVE 180-270 DAY CREDIT FOR IMPORTATION OF \$184 THOUSAND OF MUCH NEEDED PRODUCTS. NGWETE AGREED AND TOLD HIM TO GO TO DCMP TO GET PAPERWORK DONE. UPON ARRIVAL AT DCMP, PFIZER REP WAS TOLD THAT DCMP WORKED FOR DR. CLOSE, NOT RPT NOT FOR NGWETE, AND THAT PFIZER SHOULD TEAR UP ITS PROPOSAL; DCMP NOT RPT NOT INTERESTED. EMBOFF ADVISED PFIZER TO TAKE SAME OFFER TO DR. CLOSE. PFIZER HAS NOT YET REPORTED OUTCOME OF LATTER APPROACH.

5. COMMENT. DECISION TO RETURN PHARMACIES TO ORIGINAL OWNERS WAS CLEAR REVERSAL OF POLICY DECISION, TAKEN AT LEAST IN PART BY MINHEALTH NGWETE DURING SUMMER ABSENCE OF DR. CLOSE, WHICH NATIONALIZED IN FAIRLY PRE-
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CIPITATE MANNER ALL PHARMACIES. THIS REVERSAL CONSTITUTED SIZEABLE PORTION OF CROW FOR NGWETE TO EAT AND ONE COULD HAVE ANTICIPATED NEGATIVE REACTION FROM HIS SIDE, HOWEVER, ABOVE REACTION BY DCMP, NOW A DR. CLOSE-RUN OPERATION, TO NGWETE-AUTHORIZED DEAL MAY PROVIDE BETTER INSIGHT INTO ACTUAL DEPTH OF CLOSE'S ANNOUNCEMENT WITH NGWETE THAN CLOSE'S OWN FAIRLY MODERATE UTTERANCES ON SUBJECT. UNFORTUNATE BUT LIKELY EFFECT OF SUCH INTERPERSONAL AND INTERORGANIZATIONAL CONFLICT IS EXACERBATION OF ALREADY DEPLORABLY CONFUSED AND DETRIMENTAL SITUATION.

END COMMENT.

WALKER

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